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S E C R E T SECTION 01 OF 06 STATE 106079

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E.O. 12958: DECL: 10/02/2028

TAGS: [AS](#) [JA](#) [PREL](#)

SUBJECT: TRILATERAL STRATEGIC DIALOGUE SENIOR OFFICIALS
MEETING

Classified By: Under Secretary William Burns, Reasons 1.4 (b, d)

¶1. (C) Summary: Under Secretary Burns hosted his Trilateral Strategic Dialogue (TSD) counterparts, Australian Department of Foreign Affairs and Trade (DFAT) Secretary Michael L'Estrange and Japanese Ministry of Foreign Affairs (MOFA) Deputy Foreign Minister Kenichiro Sasae, at the TSD Senior Officials Meeting (SOM) in New York City September 26, 2008, on the margins of the UNGA. The wide-ranging talks covered Pakistan and Afghanistan; nuclear nonproliferation issues with Iran, India, and the DPRK; regional concerns in Southeast Asia; and China and Russia. The Senior Officials accepted a paper containing updates and action items for TSD initiatives in humanitarian assistance/disaster relief, counterterrorism, the Pacific Working Group, cooperation in Southeast Asia and the Security and Defense Cooperation Forum (SDCF). They agreed to meet again in Australia early in 2009 and at a Ministerial hosted by the next U.S. administration. End Summary.

Pakistan's Perfect Storm

¶2. (S) A National Intelligence Officer (NIO) provided a briefing on Pakistan and Afghanistan. The NIO emphasized the large scale systemic and societal change ongoing in Pakistan and explained how this change is affecting governmental decision making and important institutions such as the military, which is particularly worrisome in light of Pakistan's status as a nuclear power. Some of these tensions in Pakistani society are revealed in the differing reactions to the attack on the Marriott hotel, the NIO said, with government leaders reaffirming their intention to fight terrorism, and the popular Urdu language press arguing that the attack resulted from Pakistan's cooperation with the United States.

¶3. (S) The NIO noted that the economic turmoil in which Pakistan finds itself also poses significant challenges to the government. Facing a financing gap of 3 to 5 billion dollars, and looking for assistance from the United States and Saudi Arabia that may prove illusory) as was the case of the Government of Pakistan's mistaken view of the purpose for the recent Friends of Pakistan meeting - the GOP is ill-prepared to deal with the myriad problems it faces.

¶4. (S) Under Secretary Burns noted that the Friends of Pakistan meeting was not a donor's conference; rather, this

initiative was undertaken to offer political support and encouragement to the Pakistani leadership to begin addressing the country's problems. DFM Sasae said short term stability in Pakistan is more important now than focusing on democracy. The most important question at the moment is how to deal with the insurgents.

15. (S) Secretary L'Estrange observed that Pakistan is experiencing a 'perfect storm' of economic challenges and societal and political upheaval. Pakistan is a center for Sunni extremism, and this is much more worrisome as it is a nuclear power and has a complicated relationship with its nuclear neighbor, India. L'Estrange noted that former President Musharraf had managed to temper the contentious relationship with India, but tensions were increasing again under the new government. Australia, L'Estrange said, was doing its best to address the situation by enhancing its assistance to Pakistan in counter-radicalization programs and education programs in tribal areas. Sasae observed that Zadari is compelled to focus on economic stability, but the measures he needs to take are unpopular and likely to produce a backlash. He also noted the challenge of finding ways to drive a wedge between leaders in the Tribal Areas and al-Qaeda; perhaps through GOP and ISAF political programs modeled after recent successes in Iraq.

16. (S) The NIO concluded his analysis by saying Pakistan can
STATE 00106079 002 OF 006

rely on a professional military, an entrepreneurial middle class, and a democratic culture to meet these challenges; but the country's current situation is the most significant test it has ever faced, and made even more formidable by the collapse of Afghanistan.

Afghanistan: Rapidly Declining Security Situation

17. (S) Moving to Afghanistan, the NIO said the security situation declined dramatically in 2008. The increased military proficiency of the Taliban, combined with their ability to find a safe haven in the border regions of Pakistan, has made the Taliban increasingly difficult to defeat. Meanwhile the Karzai government's capacity to govern significant portions of the country has diminished due to Afghani frustration that the initial lofty expectations after the Taliban were overthrown have not been met.

18. (S) There are some bright spots in the country. The Afghan National Army (ANA) now numbers 120,000 trained soldiers. Some units of the ANA are capable of mounting independent operations and, when they do so, encounter far less popular resistance than coalition forces. One of the fundamental requirements of a viable Afghani state will be having enough trained ANA units to assume the security burden. However, a careful equilibrium must be maintained between a good army and good governance. At the moment, it is doubtful there is enough human capital to create the government institutions needed.

19. (S) Secretary L'Estrange noted the cross border raids from safe havens in Pakistan pose a significant challenge to securing Afghanistan and undermine the ability of the central government to extend its authority. The NIO noted these raids are construed differently by the various constituencies in Afghanistan and some local leaders see the insurgents as a threat to their power. Secretary L'Estrange observed the Taliban have a significantly easier task: if they do not lose, they win. The United States, on the other hand, has to win in order not to lose. He then asked how the United States defines success in Afghanistan.

110. (S) Under Secretary Burns said the current administration has a sober and realistic view of the situation, and the next one will as well. The goals the United States sets for

Afghanistan revolve around improving the central government while also extending good governance practices at the regional and local levels. The United States is cognizant, the Under Secretary concluded, that success also depends upon Afghanistan's neighbors, especially Pakistan.

Non-proliferation

¶11. (C) Secretary L'Estrange said the Nuclear Nonproliferation Treaty (NPT) has failed to deter states from acquiring nuclear capacity and to detect the extent of noncompliance in non-nuclear signatories. Australia continues to view the NPT as the cornerstone of the global nonproliferation regime, but believes a review conference in 2010 is essential. L'Estrange also argued the United States needs to be actively engaged; if not, countries of the non-aligned movement will use the perceived lack of progress on disarmament to justify their own behavior. The second major nonproliferation issue is bringing non-NPT signatories into the mainstream. Australia plans to examine this issue in PM Rudd's International Commission on Nuclear Nonproliferation and Disarmament, L'Estrange said.

¶12. (C) Sasae and L'Estrange both noted the significance of the U.S.-India initiative in bringing India into a nonproliferation framework. U/S Burns agreed that strengthening the nonproliferation regime, including providing alternatives to national reprocessing facilities such as fuel banks, poses a significant challenge for all three governments.

¶13. (C) U/S Burns informed his counterparts that Iran is

STATE 00106079 003 OF 006

mastering the fuel cycle and adding centrifuges; they could be over 5000 by the end of 2008. Russian FM Lavrov and Secretary Rice have agreed on the outlines of a new UNSC resolution on which we anticipate a vote shortly. The resolution reaffirms the existing resolutions and notes the recent IAEA report and will demonstrate the international community's solidarity. L'Estrange and Sasae were pleased to hear Russia continues to cooperate on Iran, even if unenthusiastically. L'Estrange emphasized the need to take action outside of the UN as well and said Australia would make an announcement in the coming weeks. Burns welcomed Australia's willingness to do more and promised to stay in close touch.

¶14. (C) Sasae said he was not optimistic about the DPRK and argued that recent actions are not a result of Kim Jong-Il's illness; rather, the DPRK is making a determined effort to get UN sanctions lifted. The DPRK is feeling pushed and wants to make clear these are the limits, Sasae said. If the DPRK leadership cannot get any further concessions, they may decide to wait for a new U.S. administration. Sasae reassured Japan's policy towards the DPRK would not change dramatically with the new Japanese government.

¶15. (C) U/S Burns observed Syria and Iran are standing for election to the IAEA Board of Governors (BOG). Allowing one of these countries, which are under active IAEA investigation, onto the BOG would seriously undermine the credibility of the organization. (L'Estrange likened it to having Cuba on the Human Rights Commission.) Burns informed his counterparts we have supported Afghanistan's interest and asked Japan and Australia to encourage other countries to step forward. Sasae said Japan has announced its candidate for IAEA Director General and requested Australia and U.S. support.

Russia and China

¶16. (C) Under Secretary Burns stated Russia made a significant miscalculation with the invasion of Georgia and, in particular, its recognition of Abkhazia and South Ossetia. He noted in particular that Russian aggression to solve border disputes had made the Chinese particularly uneasy. Moscow looks at the growing demographic and economic disparity with China with particular concern since only 15-20 million Russians live east of the Urals. Both parties reap a short term benefit from cooperation, given China's ready supply of cash and need for energy and high tech weapons, two things Russia has in abundance. However, Russia believes it needs to keep a close eye on China. The Under Secretary said the U.S.)Russia relationship will be complicated, but both parties understand the need to cooperate in some areas.

¶17. (C) Secretary L'Estrange noted the importance of finding a common approach with the EU on energy, which would diminish Russia's leverage. In reply, U/S Burns noted we were encouraging the EU to use its anti-monopoly regulations (the ones used against Microsoft, the U/S noted) against Gazprom. DFM Sasae said he did not consider Europe's dependence on Russian oil at this time to mean we hold a weak hand since dependence works both ways; the customer can have leverage with the producer. More broadly, Russian integration with Europe is a good thing. He also observed that while Japan has only a minor dependence on Russia for oil, there is room for Japan to increase its energy imports. This offers leverage since Russia would like to be able to balance its dependency on China's market demand.

Southeast Asia

¶18. (C) L'Estrange said Australia sees more instability than usual in the region: recent events in Thailand; Malaysia's complicated situation; Indonesia moving into an election year in which economic reforms will slow and some shifting in law and justice is expected; and the elections scheduled for 2010 in the Philippines, where the breakdown of peace talks is worrying. Sasae argued recent events in Thailand were not

STATE 00106079 004 OF 006

anti-democracy versus democracy. They were instead a backlash from the traditional establishment, which feared the Thaksin movement would deprive them of power.

¶19. (C) Sasae said Japan has told the Burmese regime Japan is willing to help if they will show good faith. He said they are making gestures such as releasing political prisoners ''for show.'' Sasae noted that the Focus Group on Burma is stacked with countries that defend the regime's actions and it may be time to consider a new format. L'Estrange agreed Special Envoy Gambari's August visit to Burma did not accomplish anything and U/S Burns opined it is difficult to see how Gambari could continue to play an effective role.

¶20. (C) L'Estrange clarified that PM Rudd's Asia Pacific Community initiative is not a blueprint. Australia is looking long term and launching a conversation about what type of regional architecture will provide a mechanism for leaders to discuss political, economic, and security issues. He continued: ''the question is whether we let events dictate our regional architecture or whether we shape the architecture in anticipation of events.'' Both Sasae and U/S Burns agreed it is a good idea to have an informal conversation about this issue.

TSD Initiatives

¶21. (SBU) The Senior Officials agreed to accept a paper prepared at the working level summarizing progress and action items on various TSD initiatives. The paper's full text is found in para 27.

¶22. (C) Regarding the HA/DR initiative, DFM Sasae noted Japan will have a northeast Asia trilateral (Japan, Korea, China) leaders meeting, which was postponed due to the change of government in Japan, where they will discuss HA/DR measures.

¶23. (C) Secretary L'Estrange noted how pleased he was to see the SDCF section in the summary of TSD initiatives. While there is a temptation to completely separate the TSD and SDCF and have them completely discrete, L'Estrange said, it is important to keep the SDCF under the broad political-level umbrella of the TSD. (Note: In the morning before the SOM, EAP/J and ANP DeskOffs, in conjunction with the Embassy of Australia Political Counselor, engaged in a byzantine negotiation with MOFA's Oceania Division Director, Kiminori Iwama, concerning whether the TSD and SDCF have any overlapping responsibilities. While Iwama was in frequent telephone contact with the Japanese Ministry of Defense, the United States and Australia explained that walling off the SDCF from the TSD was unworkable and ineffective.)

¶24. (C) Secretary L'Estrange said Australia will be happy to host the next TSD SOM and said it will be important to convene relatively early in the next U.S. administration, perhaps in March or April, to prepare for a U.S.-hosted Ministerial to follow. L'Estrange agreed with U/S Burns' observation that scheduling the fall SOM at UNGA had worked well and should be repeated.

¶25. (SBU) Begin text of TSD Initiative Document.

The Under-Secretary for Political Affairs for the United States Department of State, the Secretary of the Department of Foreign Affairs and Trade for Australia, and the Deputy Minister for Foreign Affairs of the Ministry of Foreign Affairs of Japan, agreed on the status of and actions for the following initiatives. In addition, the Senior Officials note the Washington Working Group's important contribution in taking forward new initiatives between TSD Ministerial and Senior Officials meetings and as a point of contact between TSD meetings of the established functional working groups. Humanitarian Assistance and Disaster Relief Adopting Guidelines and Creating Operating Procedures: The Senior Officials noted the June release of the Joint Statement on HA/DR Cooperation and Australia's offer to host the first TSD HA/DR Working Group meeting December 2-3, and expressed desire to see this important area of cooperation move forward. The Working Group should serve as a forum to

STATE 00106079 005 OF 006

coordinate HA/DR activities. Objectives for the Working Group meeting include adoption of the draft guidelines for trilateral HA/DR cooperation called for by ministers at the last TSD ministerial meeting in June 2008. The working group will also seek to create a program for HA/DR cooperation and information sharing, and initiate work on a supplement to further implement and strengthen cooperation under the agreed guidelines for humanitarian assistance and disaster relief cooperation. Senior Officials noted the importance of finalizing the draft guidelines as soon as possible to allow them to be adopted at the inaugural Working Group meeting

Supporting ARF Disaster Relief Exercise: In addition to the formation of the HA/DR Working Group, the Senior Officials commended efforts to advance ARF's disaster preparedness agenda and each nation's exploring how best to support the May 2009 ARF disaster relief exercise in the Philippines. Japan and Australia look forward to detailed explanation of the planned exercise at the next ARF ISG meeting in Singapore. The Senior Officials agreed to explore possible contributions to the ARF exercise, including both civilian and military participation. In addition the Senior Officials agreed to consider assistance to developing countries to enable their participation in the exercise. Cooperation in Southeast Asia Enhanced Coordination/Cooperation: Noting the Ministers' call

for greater cooperation in Southeast Asia at their meeting in Kyoto, the Senior Officials charged their respective Ministries to pursue enhanced cooperation and coordination of activities in Southeast Asia, building upon already close cooperation in Indonesia and regional cooperation on counterterrorism. This initiative should not simply be another discussion forum, but should focus on projects that yield tangible results. They agreed to encourage their embassies in the region to identify specific areas/initiatives that would benefit from greater cooperation and coordination, and to consider regular meetings at a suitable level to coordinate activities on the ground.

Timor-Leste Maritime Capacity Building: As an example of the type of results-oriented cooperation envisioned, the Senior Officials noted the work done by the three countries to date on building maritime law-enforcement capacity in Timor-Leste.

The United States assessment of legal authorities governing maritime law enforcement in Timor-Leste will be completed by Spring 2009. Following this assessment, the United States will work with Timor-Leste to incorporate international best practices into its legal authorities for maritime law enforcement. In addition, the United States Coast Guard will continue training missions and continue to work with the Timorese Government to improve port security. Australia is exploring ways it can contribute to Timor-Leste's maritime security through providing maritime surveillance assistance to develop baseline awareness of Timor-Leste's maritime environment, and providing training and advice regarding maritime operations and vessel maintenance. Japan sent a government mission to Timor-Leste in late July to investigate the current maritime security situation. Taking into account the result of this mission, Japan will assist the PNTL (National Police of Timor-Leste) in strengthening its maritime law-enforcement capability. As the first step, Japan intends to invite high-level officials of the office of the Secretary of State of Security to visit Japan by the end of 2008.

Counterterrorism Cooperation

The Senior Officials noted the planned October 2-3 Trilateral Counterterrorism Consultations in Washington and expressed hope the meeting will facilitate greater coordination in the future, specifically in the areas of bio-terrorism, countering terror finance, and border and maritime security in Southeast Asia. The Senior Officials expressed their intent to build on successful counterterrorism cooperation throughout the past year, which has been supported by the efforts of trilateral embassies in Southeast Asia, including the bio-terrorism workshop in Kuala Lumpur, regional bulk cash smuggling workshops in Jakarta, and the joint ports assessment in Davao and General Santos City in the Philippines.

Non-proliferation Working Group

The Senior Officials agreed to initiate a Working Group on Nonproliferation to enhance cooperation and coordination

STATE 00106079 006 OF 006

among the three countries on nonproliferation and counter-proliferation issues and to encourage more efficient use of expertise and funds for outreach on capacity development, especially in support of UNSCR 1540.

Pacific Islands

Senior Officials noted the strong practical cooperation of the Canberra-based Pacific Working Group (PWG). The PWG continued to play a key role in the sharing of information and coordinating policy approaches between trilateral partners, including towards strengthening democratic practices and government institutions. Key recent matters of focus have been seeking the return of democracy in Fiji, including support of the Pacific Islands Forum processes on Fiji, and the continuing engagement of China and Taiwan to encourage transparent and appropriate aid practices in the Pacific. Trilateral partners are supportive of a new U.S. proposal to explore ways that might assist the Pacific Islands in achieving greater energy security. The United States also raised the possibility of PWG coordinated

assistance to Micronesia for upcoming elections.
Security and Defense Cooperation
The Senior Officials welcomed the advancement of trilateral cooperation on security issues, including progress in the Security and Defense Cooperation Forum (SDCF). The Senior Officials noted that intersessional Directors'-level meetings will be held to deepen and expedite our security and defense cooperation, and welcomed meeting planned for November.

¶26. (SBU) End Text.

¶27. (U) Participants:

The United States

Under Secretary William Burns
EAP/J Director Daniel Russel
EAP/ANP Director Alcy Frelick
EAP/J Marc Jackson (Notetaker)
EAP/J Aleisha Woodward (Notetaker)

Australia

Secretary Michael L'Estrange
Embassy of Australia DCM David Stuart
Embassy of Australia Political Counselor Peter Roggero

Japan

Deputy Foreign Minister Kenichiro Sasae
Director for North American Affairs Kanji Yamanouchi
Oceania Division Director Kiminori Iwama
Foreign Policy Division Kunihiko Higashi
Oceania Division Megumi Ishizuka (Notetaker)
MOFA 1st North American Takeomi Yamamoto (Notetaker)

¶28. (U) This cable has been cleared by Under Secretary Burns.
RICE